

[Bob Kinzel, VPR News](#)

(Host) The U.S. House has taken the first step in what's expected to be a major battle over tax policy during the current lame duck session.

With a lot of Democratic support, the House has voted to extend the so called Bush income tax cuts, but only for families with incomes under \$250,000 dollars a year.

As VPR's Bob Kinzel reports, Congressman Peter Welch is urging Democratic leaders to hold their ground and not give in to Republican demands that the tax cuts be extended to the wealthy.

(Kinzel) The tax bill passed by the House will almost certainly be altered when it's considered in the Senate, but the basic policy question will remain the same.

Should tax cuts implemented in 2001, be extended to individuals who have very large incomes?

Most Democrats say no - many Republicans believe the answer is yes. If Congress fails to reach an agreement on this issue, the tax cuts will expire for everyone at the end of this month.

The bill that passed the House extends the tax cuts to families with an annual income of \$250,000 dollars or less.

It's likely that cap will be increased when the bill is considered by the Senate because a number of Democratic leaders have proposed raising the cap to a million dollars.

Congressman Peter Welch says he's open to increasing the cap but he says he'll strongly fight efforts to totally eliminate it.

(Welch) "The cap at 250 is not a hard line in the sand. What is a hard line in the sand is, you can't just extend all the Bush tax cuts. And the Republican leadership here is arguing as though that is essential to the economy, when in fact what it will do is explode the deficit."

(Kinzel) Senate Republican leader Mitch McConnell says this issue is such a high priority for his caucus that GOP senators will filibuster all other key bills in the lame duck session until a full tax cut extension is passed. Welch says this strategy is irresponsible.

(Welch) "Well I think senator McConnell is being completely unreasonable. It's his way or the highway - I mean that's what he's saying. He's using the senate rules which are very detrimental, I think, to getting things done that the American people need done. To do a stick up for millionaires and billionaires - I mean that's literally what it boils down to - and I think ultimately it'll be the American people that decide whether that was reasonable or not."

(Kinzel) Governor Jim Douglas weighed in on this issue at his weekly press conference. Douglas says the Democrats are pursuing a tax policy that could hinder economic growth.

(Douglas) "If tax burdens get too high there isn't the incentive to do more to work harder create more jobs to generate more income that's subject to the tax. So there is a point beyond which it's productive to raise those rates and I'm not an economist I don't know exactly what that point is but to just say gosh let's tax the rich which we often hear in Vermont as well isn't necessarily going to result in more revenue to the Treasury."

(Kinzel) The Senate is expected to debate this issue in the near future. Both of Vermont's senators, Patrick Leahy and Bernie Sanders say they'll oppose efforts to extend the tax cuts to wealthy individuals.